



California State Legislature

Joint Republican Caucus



DENNIS HOLLINGSWORTH
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September 17, 2010

Members, California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

RE: Proposed SB 375 Targets

Dear Members of the Board:

As California's Republican legislative leaders, we are writing to inform you of our strong opposition to the emission reduction targets proposed by your staff under SB 375. As you consider these proposals at your board hearing next week, we expect you to consider the devastating economic impact that these targets would have on California's economy and the lives of its citizens.

Although proponents have argued that SB 375 represents a collaborative process meant to provide local communities with a broad array of methods to achieve emission reductions, Republicans argued at the time and continue to oppose these efforts as social engineering that will have a significant impact on how people live their lives – imposing significant costs on everything from gasoline to housing to groceries, all without cost-benefit analyses to ensure that the goals are realistic or even worth achieving.

The modeling and analysis of SB 375 target ranges proposed by your staff if imposed today, or even over decades, will lead to unacceptable new costs and taxes that would devastate an already struggling economy. Analysis from the Bay Area Metropolitan Transportation Commission shows that in order to meet these standards, auto operating costs will have to increase five-fold. In order to meet these targets, local efforts would likely have to include a Vehicle Miles Traveled tax, congestion pricing, toll roads, parking fee increases and gasoline prices of more than \$9 per gallon, and annual travel costs will skyrocket 460%.

Even worse than these stark impacts is the fact that the California Air Resources Board (CARB) seems willing to impose them without conducting even a rudimentary economic analysis of the impact that the program will have for the economy and the citizens that will bear the brunt of these costs.

The modeling throughout the stakeholder process examined lower target ranges, and recommendations were made for 5% in the Bay Area, and 3-6% for Southern California for 2035. However, CARB staff's proposal sets targets that are three-times higher than the local proposals, 15% in the Bay Area and 13% in Southern California. This hardly qualifies as the collaborative process promised by the author of SB 375, or by CARB. As a result, local

governments are beginning to express their opposition to the proposal. The SCAG Board and the San Joaquin Valley COG recently rejected CARB's targets for being too extreme.

Unfortunately, the ignoring of local concerns, the lack of economic analysis and the disregard for the economic and personal impacts of far-ranging regulations are not new at CARB. The AB 32 Scoping Plan was released with little regard to economic impact analysis, and when detailed economic analyses were undertaken and highlighted important concerns with the proposal, these third-party analyses were buried in reports and their conclusions were ignored. With the imposition of diesel regulations, CARB staff used faulty analysis that resulted in regulations that were off base and damaging to major sectors of the economy. The Cool Cars rule was undermined because of miscalculations and provisions that could have ultimately prevented the adoption of new green technologies and contradicted the purpose of the regulation.

The public has expressed a healthy mistrust for government precisely because large bureaucratic entities like CARB undertake enormous regulatory changes without ever consulting with the people that will ultimately be responsible for paying for the cost of these grandiose social-engineering schemes. Republican leadership in the Legislature has consistently warned that California's regulatory climate is making it impossible for business to flourish here. Voter mistrust and the fear of a permanent recession have led to efforts like Proposition 23, which would suspend AB 32 until the economy rebounds precisely because the people have lost confidence in their regulators.

In the midst of this recession, with unemployment hovering at near record levels, it would be irresponsible to set emission reduction targets under SB 375 that would prolong California's economic struggles. As policymakers, we owe it to our state to act rationally and pursue the most prudent approach to SB 375 implementation that balances economic and environmental concerns so that California can once again prosper.

For these reasons we strongly urge you to reject the targets proposed by your staff and believe that further economic analysis on the cost and the benefit of these proposals are necessary before we consider moving forward with SB 375 or imposing any additional costs on the taxpayers.

We look forward to hearing from you on this very important matter.

Sincerely,



Dennis Hollingsworth
Senate Republican Leader



Martin Garrick
Assembly Republican Leader



Bob Dutton
Senate Republican Leader-Elect